

HOUSE No. 634

By Mr. Campbell of Medford, petition of Henry F. Long (Commissioner of Corporations and Taxation) relative to the taxation of savings bank insurance. Taxation.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Forty-Eight.

AN ACT RELATIVE TO THE TAXATION OF SAVINGS BANK INSURANCE.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 63 of the General Laws is
2 hereby amended by striking out section 18, as most
3 recently amended by section 1 of chapter 447 of the
4 acts of 1939, and inserting in place thereof the fol-
5 lowing: —

6 *Section 18.* Every savings and insurance bank
7 authorized to do business under chapter one hundred
8 and seventy-eight of the General Laws shall annually
9 pay an excise, as determined by the commissioner,
10 of two per cent upon all new and renewal premiums
11 received by it during the twelve months ending
12 October thirty-first of the year for which the excise
13 is due and payable on all policies issued by it, or
14 assumed by it under the provisions of section twenty-

15 five of chapter one hundred and seventy-eight of the
16 General Laws.

17 The word "premiums" as used in this section shall
18 include all amounts received as consideration for life
19 insurance policies, annuity contracts, total and perma-
20 nent disability or accidental death benefit, and shall
21 include dividends applied to purchase additional
22 insurance or to shorten the premium-paying period.
23 In determining the amount of the excise payable
24 hereunder there shall be deducted, to the extent that
25 they are properly allocable to premiums taxable here-
26 under, (a) all premiums returned to policy-holders
27 during the said twelve months but not including cash
28 surrender values, and (b) dividends which during said
29 twelve months have been paid or credited to policy-
30 holders or applied to purchase additional insurance or
31 to shorten the premium-paying period.

32 Every savings-insurance bank shall annually, on
33 or before November twenty-fifth, make a return to
34 the commissioner on oath of its president or treasurer,
35 in such form and containing such information as the
36 commissioner may deem necessary for the determina-
37 tion of the tax due under this section. For cause, the
38 commissioner may extend the time within which any
39 such statement may be filed, but not to a date later
40 than March first next following.

41 The provisions of section twenty-seven relative to
42 penalties for neglect to make the returns required by
43 section twenty and to liability for false statements
44 contained in such returns shall apply with respect to
45 the returns made or required to be made under this
46 section. The books, papers and accounts of every
47 savings and insurance bank shall be open at all times
48 to inspection and examination by the commissioner,

49 or his duly authorized representatives, for the purpose
50 of verifying the accuracy of such returns.

51 The excise provided by this section shall be due and
52 payable to the commissioner at the time when the
53 excise return is required to be filed, and a provisional
54 estimated payment of the excise shall be made on or
55 before November twenty-fifth. As soon as may be,
56 the commissioner shall make assessment of such
57 excise, giving notice to each savings and insurance
58 bank of the correct amount thereof. Such excise
59 may be recovered in contract by the commissioner in
60 the name of the commonwealth and every savings and
61 insurance bank shall be liable, upon an information,
62 to an injunction restraining it from the further prose-
63 cution of its business until all excises due with costs
64 and interest are fully paid. Any excise or any portion
65 thereof not paid when due shall bear interest at the
66 rate of six per cent per annum from the date payable
67 until the date of payment. Within sixty days after
68 the date of such notice a savings and insurance bank
69 may apply to the commissioner for a correction of said
70 excise, and in default of settlement may, upon appli-
71 cation within thirty days of the date of notification
72 of the commissioner's decision, be heard thereon by
73 the appellate tax board. If abatement of an excise
74 paid is granted, the overpayment with interest thereon
75 at the rate of six per cent per annum from the date of
76 payment shall be refunded to the savings and insur-
77 ance bank by the state treasurer without any appro-
78 priation therefor by the general court.

79 If any savings-insurance bank reinsures all of its
80 outstanding insurance policies and annuity contracts
81 as provided in section twenty-five of chapter one
82 hundred and seventy-eight, it shall forthwith make a

83 return to the commissioner on oath of its president or
84 treasurer in such form and containing such informa-
85 tion as the commissioner may deem necessary for the
86 determination of the excise due under this section.
87 The amount of such excise shall be an amount pro-
88 portionate to such part of its then current fiscal year
89 as had eypired at the close of business on the day next
90 preceding the effective date of such reinsurance.

1 SECTION 2. Any savings and insurance bank which
2 would be required under section eighteen of chapter
3 sixty-three of the General Laws, as amended by sec-
4 tion one of this act, to pay a premium excise greater
5 than an excise upon the net value of its policies under
6 said section eighteen as effective on October thirty-
7 first, nineteen hundred and forty-seven, shall in the
8 year nineteen hundred and forty-eight and in any
9 subsequent consecutive year, in lieu of the two per
10 cent premium excise as provided in said section eight-
11 een, as amended by section one of this act, and, ex-
12 cept as hereinafter provided, annually pay the excise
13 upon the net value of policies imposed by said section
14 eighteen as effective on October thirty-first, nineteen
15 hundred and forty-seven. Said excise shall be paid
16 for each year until the year for which the amount
17 thereof equals or exceeds the amount of the premium
18 excise imposed by said section eighteen as amended
19 by section one of this act, except that any savings and
20 insurance bank authorized after October thirty-first,
21 nineteen hundred and forty-seven to do business under
22 chapter one hundred and seventy-eight of the General
23 Laws, may pay such excise on the net value until the
24 year for which the amount thereof equals or exceeds
25 the amount of the excise on the premium basis but

26 in no event for more than fifteen years, and for that
27 year and annually thereafter such bank shall pay an
28 excise on the premium basis. All the provisions of
29 said chapter sixty-three as effective on October thirty-
30 first, nineteen hundred and forty-seven, applicable to
31 the excise imposed by said section eighteen as then
32 effective, shall continue to apply to the excise payable
33 under the authority of this section upon the basis of
34 net value and to any bank liable to said excise.

1 SECTION 3. Any savings and insurance bank au-
2 thorized to do business on October thirty-first, nine-
3 teen hundred and forty-seven which would be required
4 under section eighteen of chapter sixty-three of the
5 General Laws, as amended by section one of this act,
6 to pay a premium excise less than an excise upon the
7 net value of its policies under said section eighteen as
8 effective on October thirty-first, nineteen hundred
9 and forty-seven, shall in the year nineteen hundred
10 and forty-eight and in any subsequent consecutive
11 year, in lieu of the two per cent premium excise as
12 provided in said section eighteen, as amended by sec-
13 tion one of this act, and except as hereinafter provided,
14 annually pay an excise of one quarter of one per cent
15 computed upon such net value of all policies in force
16 on October thirty-first, nineteen hundred and forty-
17 seven issued by such bank or assumed by it under
18 section twenty-five of chapter one hundred and
19 seventy-eight of the General Laws, plus the net value
20 on October thirty-first, nineteen hundred and forty-
21 seven of all policies thereafter assumed by it. Such
22 excise shall be paid for each year until the year for
23 which the amount of the premium excise imposed by
24 section eighteen, as amended by section one of this

25 act, equals or exceeds such excise upon the basis of
26 net value, and for that year and annually thereafter
27 such bank shall pay such premium excise. All the
28 provisions of said chapter sixty-three as effective on
29 October thirty-first, nineteen hundred and forty-
30 seven, applicable to the excise imposed by said sec-
31 tion eighteen as then effective, shall, except as herein
32 modified, continue to apply to the excise payable
33 under the authority of this section upon the basis of
34 net value, and to any bank liable to said excise.

1 SECTION 4. This act shall apply to the excise due
2 and payable in the year nineteen hundred and forty-
3 eight and thereafter.

